

Milwaukee County Employees' Retirement System (ERS)

Investment Committee Meeting

MINUTES

Call to Order:

In the absence of Sarah Peck, John Maier chaired the Investment Committee Meeting. The meeting was called to order at 2:30 pm, on 11-2-09, in Room 203-P, of the Milwaukee County Courthouse, 901 N. 9th St., Milwaukee, WI. 53233.

Roll Call:

Board Members Present:

Jeffrey Mawicke
Dean Roepke
John Maier
Guy Stuller

Others Present

Gerry Schroeder
Mark Grady
Dale Yerkes
Brett Christenson (teleconference)
Ray Caprio (teleconference)

Marquette Associates, was represented at the meeting (via teleconference), by Brett Christenson, Managing Director and Ray Caprio, Assistant Vice President.

1. Topic: Long-Short Equity & RFP Screening Results

Due to chairperson being absent along with RFP Evaluation Panel members, the topic of "Long-Short Equity & RFP Screening Results" was postponed until a future date to be determined.

2. Topic: Marquette-Asset Allocation & Overlay Update

Marquette reported that as of 10-31-09, the cash overlay funds were reduced to \$298 million in futures. The reduction in futures was used to fund the Barings Emerging markets fund and to provide \$10,000,000 liquidity for benefit payments. The overlay is represented by Fixed Income, US Equity and International funds. Small Cap Value Equity Transition (\$40 million) was completed by 10-21-09. The cost was assessed at 4 basis points, or \$70,000 or about half the cost that was projected.

Infrastructure contracts have not yet been started. The funds associated with Infrastructure is \$120 million (\$60 million for each manager). Hedge funds and real estate will be approximately \$180 million.

We will discuss rebalancing at the next pension board meeting as we are currently at the upper ends of the equity target allocations.

3.& 4. Topics: Loomis Revisited & Fixed Income

It was noted that Fixed Income is used to pay benefits and rebalance the portfolio. It represents 100% Bonds. The Fixed Income target is 32%, with 16% proposed by Marquette for JP Morgan and for the index fund, currently Mellon. Discussion centered around Loomis' core plus bond fund which has low fees, good returns and high volatility, compared to the Index. There is no room to reduce J.P. Morgan. Loomis Fixed Income products are twice as risky as others. Loomis lost 8% last year. Marquette recommended that if we keep Loomis, they should be limited to 20% of the Fixed Income allocation.

The Loomis 10 year track record is that they made 9% each year, compared to the 6.3% benchmark. The Loomis cost is also cheaper, with 11 basis points compared to 18 for J.P. Morgan.

General discussion took place relating to the breakout of the 32% Fixed Income funds. The Investment Committee split on any recommendation to the Board for an allocation to Loomis. There was agreement to put the item on the 11-18-09 Board agenda, for a decision to be made.

5.Topic: City & County Retirement Systems: Funding Levels & Asset Allocation

This topic was held over until the 12-7-09 Investment Committee meeting.

6.Topic: Money Manager Solicitations

There was a general discussion of how best to address the numerous solicitations received from managers. This topic will be continued at the 12-7-09 Investment Committee meeting.

7. Adjournment: The Investment Committee adjourned at 3:40 pm.


Gerald J. Schroeder
ERS Manager